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SUBJECT: NEW PARLIAMENT PREPARES FOR KOSOVO TALKS,
STALEMATE ON COALITION FORMATION CONTINUES

REF: A. Belgrade 196, B. Belgrade 158, C. Belgrade 195

SUMMARY

1. (SBU) Kosovo will lead the agenda at the constitutive session of Serbia's new parliament on Wednesday (2/14). The parliament has been tasked with emplacing a Kosovo negotiating team and debating a platform, which floated around the parties in draft on Tuesday, to take to the next round of talks in Vienna on February 21. Meanwhile, negotiations on forming a government may resume as early as next week, with PM Kostunica possibly having secured a junior partner in G17 Plus's Mladjan Dinkic and President Tadic coming up with creative ways to compromise with his democratic rivals while trying not to alienate his own party. End Summary.

NO SHAKE-UPS IN REPEAT ELECTIONS

2. (SBU) As expected, Thursday's (2/8) repeat election in six polling stations -- which comprise about one thousandth of the Serbian electorate -- concluded with no changes in the party lineup for the Serbian parliament. No political party lodged a complaint following the elections, so the State Electoral Commission was able to finalize the results on Friday. Turnout at the polls was about 28 percent, with the final results as follows, according to press (numbers indicate percentage of the vote in the six stations):

Democratic Party (DS)	20.07
Serbian Radical Party (SRS)	16.82
Democratic Party of Serbia - New Serbia (DSS-NS)	16.11
Liberal Democratic Party (LDP)	8.98
Romany Union of Serbia	5.00
Strength of Serbia Movement	5.00

NEW PARLIAMENT GEARS UP FOR KOSOVO TALKS

3. (SBU) Each party submitted its list of parliamentary deputies on Monday, so the deputy lineup is in place. Parliamentary parties met on Tuesday to finalize a draft resolution on Kosovo, which a negotiating team appointed by parliament will take to Vienna on 21 February for the next round of talks. Leon Kojen -- adviser in Tadic's DS -- told us that Tadic and Kostunica had planned to work together on the draft resolution, which included asking parliament to simply renew the mandate of the previous negotiating team, rather than appointing a new one (ref A). The draft -- which largely reflects the previous government's resolution -- rejects Kosovo's ability to enter into international treaties and organizations and to maintain its own security services and armed forces as outlined in UN Special Envoy Ahtisaari's Kosovo plan, but it is a far cry from the confrontational platform that Kostunica's DSS promulgated during initial coalition consultations with Tadic earlier this month (ref B).

14. (C) In a further retreat from their party's confrontational position on Kosovo, DSS officials have reportedly contacted SRS counterparts to make sure that the Ahtisaari document would not be rejected in its entirety but that all Serbian parties would be open to further compromise. Branko Radujko (protect) -- adviser to Tadic -- told us that Kostunica still harbors plans for a Kosovo Ministry, headed by DSS Kosovo adviser Slobodan Samardzic or Coordination Center for Kosovo chief Sanda Raskovic-Ivic, which would be tasked with responsibility for engaging in follow-up negotiations. Despite Kostunica's acquiescence to compromise, however, Radujko was not optimistic that the Serbs would be able to agree on a way forward on Kosovo prior to next week's round of talks. He emphasized that Tadic was prepared to go to Vienna alone if the other parties could not reach a consensus.

COALITION NEGOTIATIONS: THE PLOT THICKENS

15. (C) With the new parliament forming smoothly, leaders of the democratic parties are starting to look again toward the formation of the new government. Tadic, Kostunica, and Dinkic are scheduled to meet on February 19 to engage in the next round of coalition negotiations, and press sources speculate that Tadic will subsequently offer the PM slot to DS candidate Bozidar Djelic and give him two weeks to set up a government. Radujko told us that Tadic has been surprised at Kostunica's personal disengagement in the negotiations and on Kosovo and has soured on the idea of giving Kostunica the PM position. According to Radujko, the DS will push for the Ministries of Justice and Defense, leadership of the Serbian Security Information Agency, intelligence chief position within the Ministry of

BELGRADE 00000210 002 OF 002

Interior, and possibly the Ministry of Foreign Affairs, in addition to the PM post. Press sources indicate Kostunica continues to insist on the PM slot but is willing to negotiate on the Interior Ministry (the DS is willing to let the DSS have the Interior Ministry as long as incumbent Dragan Jovic is replaced), and Dinkic is reportedly willing to trade the Finance Ministry for the Vice Presidency in charge of Foreign Economic Relations and Balanced Regional Development.

16. (C) As Tadic has prepared his ministry wish list, press sources have indicated that Dinkic has quietly agreed to enter a coalition with the DSS, in full concert with what G17 Plus Vice President Ivana Dulic-Markovic predicted to us last month, i.e. G-17 support for Kostunica as PM, in exchange for DSS support for Dinkic in a major economic job. Such an agreement makes it harder for Tadic to form a predominantly democratic government without Kostunica. (G17 Plus officials have publicly denied the existence of this back-door agreement.) Radujko told us that New Serbia's Velimir Ilic has reiterated his willingness to make a deal with anyone who could set up a new government (ref C), although Ilic's 14 seats (at most) would be insufficient to push Kostunica out even without G17's waffling. Despite Tadic's reported wariness about Kostunica as PM, he has raised questions about his support for Djelic by including him on the list of DS parliamentary deputies even though Serbian law prohibits a parliamentarian from being Prime Minister. (DSS, by comparison, has not offered parliamentary seats to anyone in the outgoing Kostunica government.)

COMMENT

17. (SBU) We understand that there will be little actual debate on the Kosovo resolution in the opening parliament session tomorrow. The whole process is likely to be pro-forma, and even the Radicals are not likely to stray from what will probably be largely a continuation of the last government's Kosovo position.

18. (SBU) We still expect a DS-DSS-G17 coalition with Kostunica as PM, if an agreement is reached. There are new signs that Kostunica and the DSS is engaging both in talks to form a government and on Kosovo. The PM will fight hard to retain his seat, postponing an agreement if necessary to stay in control. For his part, Tadic appears prepared to drive a hard bargain for the key ministries of power even as his allies appear less certain. Kosovo will continue to take center stage as parliament gets up and running, but we will probably see no further action in parliament until a new government is formed and a Speaker nominated.

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